THIS AGREEMENT (the "Agreement") is made as of _____ __, 1999, by and between Philip Morris Incorporated, a Virginia corporation with executive offices located at 120 Park Avenue, New York, New York 10017 ("Philip Morris"), and Gary M. Reynolds & Associates, Inc., a Wisconsin corporation with executive offices located at 2725 S. Moorland Road, New Berlin, Wisconsin 53151 ("GMR"), pursuant to which GMR will perform certain services in connection with ~~various~~ Philip Morris' Virginia Slims Spa promotion (the "Promotion"). The Promotion will consist of ~~visits ("the "Trips") to one or more spas~~ **day long visits to a spa (the "Spa Days") in any of the** venues designated by Philip Morris (the "Venues").

I. SERVICES

A. ~~Trip~~ **Spa Day** Services

If and when requested by Philip Morris, GMR will perform the following ~~Services~~ **services** (collectively, the ~~"Trip"~~**"Spa Day** Services") in connection with the participants (the "Participants") in ~~each~~ **the** Promotion:

1. Development and Consulting Services

GMR will perform the following development and consulting services related to the ~~Promotions~~ **Promotion** (the "Development Services"):

a. Development and Consulting

If and when requested by Philip Morris, GMR will conduct the following development and consulting services in preparation for the ~~Promotions~~ **Promotion**:

(i) conduct a preliminary reconnaissance of the possible Venues to identify:

(A) **appropriate Venues in which to conduct the Promotion;**

(B) activities and services at the Venues, including entertainment (each, a ~~"Venue Activity"~~**"Spa Activities");** and

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(C) Excursion routes;

(ii) research appropriate third party vendors and outfitters to provide services at the Venues and Venues (each, an "Activity Subcontractor"), conduct comparability studies among the Activity Subcontractors, recommend equipment for ~~Venue~~ **Spa** Activities and provide initial cost estimates for the ~~Venue~~ **Spa** Activities and the Activity Subcontractors;

(iii) based on its research, create proposed ~~Venue Activity~~ **Spa Activities** plans (collectively, the "~~Activity~~**Spa Activity** Plans"), together with recommendations for alternate ~~Subcontractors~~ **subcontractors** to provide services in connection with the ~~Trips~~ **Spa Day**;

(iv) make recommendations to Philip Morris regarding staffing for the ~~Venue~~ **Spa** Activities;

(v) ensure that all federal, state or local permits are obtained as required in connection with the ~~Venue~~ **Spa** Activities; and

(vi) if and when requested by Philip Morris, perform the following additional Development Services:

(A) assist Philip Morris on the development of **clothing for** staff and ~~Participant clothing line requirements~~ **Participants**; and

(B) travel to events and meetings as required.

~~b~~. Communications with Participants

(i) If and when requested by Philip Morris, GMR will produce communications materials and [travel information ~~documents, luggage tags and ticket wallets, all~~], subject to approval by Philip Morris, to be sent to Participants, including design, copy writing assistance and document assembly.

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(ii) If and when requested by Philip Morris, GMR will produce other written materials for use in connection with the ~~Promotions~~ **Promotion**.

(iii) [If and when requested by Philip Morris, GMR will follow the Philip Morris purchasing procedures outlined in Exhibit B (the "Philip Morris Purchasing Policy"), or alternative procedures proposed in writing by GMR and approved in advance by Philip Morris, for all Participant communications materials produced.] **[Are these appropriate for this agreement?]**~~[(iv) If and when requested by Philip Morris, GMR will produce and ship to Participants prize money checks (the "Checks"), using procedures established by Philip Morris, on a separate GMR account to be funded by Philip Morris solely for the purpose of funding the Checks.]~~

[

c. Participant Communication: Toll-Free Line Staffing and Administration

(i) GMR will establish, staff and maintain toll-free telephone lines (the "Lines") (A) for Participants to call GMR about registration, transportation and activities and other related matters and (B) for GMR to conduct outbound calls to Participants using scripts approved in advance by Philip Morris. The Lines must be operational within hours and upon dates as proposed by GMR and approved by Philip Morris. During the designated hours of operation, GMR must staff the Lines with dedicated operators. A recorded telephone answering system will operate on the Lines during the non-staffed hours of each day and will record caller voice messages.

(ii) GMR will provide a representative to supervise and coordinate all staffing of the Lines. GMR will prepare all scripts for approval by Philip Morris prior to use and will update scripts as necessary.

(iii) GMR will deliver to Philip Morris a weekly report in a format acceptable to Philip Morris summarizing the call content of inbound calls received and outbound calls placed.

(iv) If and when requested by Philip Morris, GMR will cooperate with Philip Morris and third parties designated by

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Philip Morris to facilitate the transfer of inbound calls to GMR from other Philip Morris telephone lines.

(v) GMR will ensure that: (A) a representative responds to all Participant calls within one business day of receipt; (B) queue size is managed so that no Participant need wait longer than 60 seconds in queue; and (C) no less than 85% of all calls are answered within 20 seconds.]

[2. *Travel ~~Planning Services~~* ***Information***

GMR will perform the following services relating to Participant ~~scheduling and transportation~~ **travel information** (collectively, the "Travel ~~Planning Services"):~~ **Information Services"):**

~~a. Participant Transportation (Air and Ground)~~ **a. Travel Directions**

~~(i) GMR will coordinate and pay for all transportation of Participants (A) between the major airports closest to their homes and the Venues if Participants travel by air or (B) between their homes and the Venues if the Participants travel overland; provided that home to airport ground transportation will be provided to Participants traveling by air only at Philip Morris' request and at Philip Morris' expense. GMR will make a determination of the best method of transportation for each Participant.~~

~~(ii) GMR will handle all reservations and ticketing for air transportation for Participants, as well as negotiating and contracting for airline seat blocks prior to the Trips.~~

~~(iii) GMR will negotiate all airline and any necessary ground transportation rates, subject to the approval of Philip Morris and will credit fully to Philip Morris all discounts and benefits obtained in connection with such negotiations.~~

~~(iv) GMR will~~**(i) GMR will** [implement quality control procedures to ensure ~~**smooth**~~**] [provide] clear**, efficient and safe ~~ground transportation arrangements~~ **travel directions to the Venues, with options** for Participants.

~~(v)~~**(ii)** [GMR will coordinate with staff provided by third party service providers designated by Philip Morris in order to assist with Participants' ~~Trip activities and transportation arrangements.~~ **Spa Day travel directions.]**

b. Participant Registration

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GMR will organize and administer all phases of the ~~registration~~ **Spa Day activity schedule** of each Participant for each ~~Trip~~ **Spa Day** following full qualification of that individual as a Participant.

(i) GMR will receive information on paper or through electronic or magnetic media directly from Philip Morris or through a third party vendor designated by Philip Morris.

(ii) GMR will create, maintain and update a ~~data base~~ **database** of all Participants, including such information as Philip Morris shall request.

(iii) GMR will correspond with Participants sufficiently in advance of each ~~Trip to confirm air and ground travel arrangements, inform Participants of agenda~~ **Spa Day to confirm the Participants' schedules** and available activities and dress requirements and **to** communicate other information.

~~(iv) GMR will create, collect and maintain medical information forms for each Participant in hard copy in a binder with sufficient information to ensure the comfort and safety of Participants during each Trip (the "Medical Binder"). GMR will (A) , if requested by Philip Morris, deliver one copy of the Medical Binder for each Trip to medical personnel designated by Philip Morris before commencement of the Trip, (B) retain one copy of the Medical Binder for each Trip at GMR's office in Denver and (C) retain one copy of the Medical Binder for each Trip at each of the Venues.~~

~~(v) GMR will produce, maintain, update and distribute to Philip Morris and any third party designated by Philip Morris Participant arrival/departure manifests, room assignment and activity lists and other appropriate reports and information necessary or appropriate for the smooth operation of each Trip.~~

c. Participant Services at the Venues

If and when requested by Philip Morris, GMR will perform all necessary services for the Participants, including ~~shipping luggage to Participants in advance of the Trips and producing and attaching name tags to the luggage,~~ problem resolution and special requests~~, luggage delivery at the Venues, and GMR will prepare for each Trip an initial Participant manifest, which will include room assignments and daily activities (the "Manifest"). GMR will maintain and update the Manifest at the Venues as part of its records and ensure compliance with the information contained in the Manifest. In addition, GMR will create, maintain and update~~

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~~Participant records for use at the Venues. If and when necessary or appropriate, GMR will change the Manifest and Participant room assignments.~~

~~d. Passenger Handling~~

~~GMR will provide for passenger handling, overseeing and coordinating Participants' airline arrivals and departures, coordinating motor coach transportation and luggage transfers for Participants during the Trips and handling itinerary changes for Participants during the Trips.~~

~~e. Lost Luggage~~

~~GMR will provide assistance to Participants in the event of lost luggage, including retrieval of luggage and making reasonable and necessary interim arrangements (e.g., assisting to provide necessary toiletries and clothing items) for Participants until luggage is located.~~

~~f.~~ **d.** Written Communications with Participants

If and when requested by Philip Morris, GMR will ship via overnight courier or mail all communications materials **to Participants.** ~~and travel information documents to Participants.~~

~~g. Miscellaneous Travel Planning Services~~

~~(i) If and when requested by Philip Morris in the event of a disruption of travel plans, GMR will make all arrangements necessary to provide pre-paid overnight accommodations (for hotel, meals, travel) for any Participants whose travel arrangements en route to or from a Trip necessitate an overnight stay ("Emergency Travel Arrangements").~~

~~(ii) GMR will provide information to and assist and coordinate the Travel Planning Services with third parties designated by Philip Morris.~~

~~(iii) If and when requested by Philip Morris, GMR will store, and ship to Participants in accordance with instructions provided by Philip Morris, gift items provided by Philip Morris.]~~

B. Venue Services

1. General

If and when requested by Philip Morris, GMR will manage and perform or provide, or enter into agreements with subcontractors (together with the Activity Subcontractors, the "Subcontractors") **[Will there be subcontractors other than the Activity Subcontractors?]** to perform or provide, at the Venues the following:

(i) accommodations at the Venues for ~~Trips~~ **Spa Days** that conform to the Hospitality Standard (as defined in Article VI of the Agreement);

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(ii) all hospitality services customarily associated with the Hospitality Standard, such as obtaining and providing all food and beverages;~~]~~

(iii) obtaining and ~~maintenance of~~ **maintaining** certain items of inventories identified by Philip Morris as necessary or appropriate to upgrade or supplement the linens, decorations and equipment at the Venues (subject to advance approval by Philip Morris), as well as other items requested by Philip Morris for the Venues (the "Accommodation Enhancements");

~~[~~(iv) obtaining promotional ~~gear~~ **materials** designated by Philip Morris (the "Promotional ~~Gear");~~ ~~]~~ **Materials");]**

~~[(v) all restaurant and bartending services at the Venues;]~~

~~[(vi)~~**[(v)** all cleaning and internal janitorial services at the Venues;]

~~(vii)~~**(vi)** storing, maintaining and distributing disposable items, including, but not limited to, napkins, cups, coasters, ashtrays and Consumer gifts, provided by Philip Morris (the "Philip Morris Disposables"); and

~~(viii)~~**(vii)** other related services reasonably requested by Philip Morris (collectively, the "Hospitality Services").

[In addition, if and when requested by Philip Morris, GMR will manage and perform or provide, or enter into agreements with Subcontractors to manage, perform or provide: (i) all ~~Services~~ **services** necessary to provide and manage the ~~Venue~~ **Spa** Activities; and (ii) other related ~~Services~~ **services** reasonably requested by Philip Morris (collectively, the "Activity Services" and, together with the Hospitality Services, the "Venue Services"). The Venue Services and the ~~Trip~~ **Spa Day** Services will be referred to in the Agreement collectively as the ~~"Services."~~**"Spa Services."]**

2. *Subcontractors*

a. GMR will select Subcontractors to perform the Venue Services, subject to the advance approval of Philip Morris. GMR will obtain Philip Morris' written approval before entering into an agreement **approved by Philip Morris** with a Subcontractor (each, a "Subcontract") in connection with the Venue Services and will ensure that either GMR or a Subcontractor will perform each of the Venue Services outlined herein on the terms and subject to the

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conditions provided. Upon execution, GMR will provide a copy of each Subcontract to Philip Morris.

b. GMR will assume responsibility for and closely monitor the performance by each Subcontractor of its obligations under the appropriate Subcontract.

c. GMR will assume complete responsibility for paying all amounts to which each Subcontractor is entitled pursuant to the applicable Subcontract.

d. Philip Morris reserves the right to require immediate corrective action if Philip Morris believes that a Subcontractor is not properly performing its obligations. This right in no way relieves GMR of the obligation to assume responsibility for and closely monitor the Subcontractors.

3. *Venue Access*

GMR will ensure that access to the Venues at all times during the ~~Trips~~ **Spa Days** is restricted to persons eighteen years of age and older. **Regardless of whether persons younger than eighteen years of age are permitted to enter at any other time, GMR will ensure that there is a policy of admitting only persons eighteen years of age or older on the date of Spa Day and that the identification of all persons entering the Venues is checked to ensure that those under the age of eighteen are not permitted access.**

C. General Operations

1. *Operations Planning*

a. Philip Morris Guidelines

~~No later than ___ days after execution of the Agreement,~~ Philip Morris will deliver to GMR in writing general guidelines for the timing of the Promotion, including start and completion dates, number of Participants, ~~Trip length~~ **duration of Spa Day** and other timing expectations (the "Philip Morris Guidelines").

b. ~~Capacity Grid~~ **Spa Day Description**

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~~No later than 10~~ **Within ___** days after the ~~delivery of the Philip Morris Guidelines,~~ **complete execution of the Agreement** GMR will deliver to Philip Morris for its ~~review and approval a draft capacity grid for the Promotion (the "Capacity Grid")~~ **approval a detailed description[**, including a schedule ~~for all Trips in the Promotion to each Venue, the number of Participants for each Trip and the Personnel (as hereinafter defined) required for each Trip, all in accordance with the terms of the applicable Project Agreement, including budgeting guidelines. GMR and Philip Morris will cooperate to finalize the Capacity Grid within 7 days after receipt of the draft.~~**, of a typical Spa Day.][of all the Spa Day activities.]**

c. ~~Timeline~~ **Spa Day Matrix**

~~No later than 30 days after the completion of the Capacity Grid~~ **Within ___ days after the complete execution of the Agreement**, GMR will deliver to Philip Morris ~~for its review and approval, a draft timeline for the Promotion (the "Timeline"), consisting of : (i) a fulfillment schedule for arranging for all Participant Trip assignments, travel, Participant Communications and related matters and (ii) a timetable for all preparations for, and execution of, the Trips, including all staff hiring, assignments and training, acquisition of necessary supplies and equipment, production of Participant Communications, Venue preparation and inspection, breakdown services following the conclusion of the Promotion and all related GMR and Subcontractor infrastructure matters. Philip Morris and GMR will cooperate to finalize the Timeline within 15 days after receipt of the draft.~~ **a matrix [including schedules,] describing a typical Spa Day for a full group of ___ Participants (the "Spa Day Matrix").**

d. ~~Trip~~ **Spa Day** Specifications and SOP Manual

No later than [30] days after the completion of the ~~Timeline~~ **Spa Day Matrix**, GMR will deliver to Philip Morris for its review and approval:

(i) a ~~draft~~ detailed **draft** execution schedule and plan **(the "Promotion Schedule")** for the ~~Trips~~ **Promotion**, including daily plans for all Participant activities at each Venue, menus, staffing assignments, clothing and

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equipment requirements and related matters (the ~~"Trip"~~**"Spa Day** Specifications"; and

(ii) a draft standard operating procedures manual (the "SOP Manual"), including an organizational chart **of GMR staffing** for the Promotion and for each Venue, as well as:

(A) job responsibilities of all persons engaged to perform the Venue Services, whether employees ~~or~~ **and** contract personnel of GMR (the "GMR Personnel" or of a Subcontractor (the "Subcontractor Personnel" and, together with the GMR Personnel, the "Personnel");

(B) safety and sanitation requirements in accordance with the provisions of Section I.E; and

(C) reporting requirements in accordance with the provisions of Section I.F.

GMR and Philip Morris will cooperate to finalize the ~~Trip~~ **Spa Day** Specifications and SOP Manual no later than ~~30~~**[60]** days before the commencement of the first ~~Trip~~ **Spa Day** of ~~each~~ ***the*** Promotion.

e. Modifications

If GMR or Philip Morris determines that the ~~Capacity Grid, the Timeline, the Trip~~ **capacity, the time-frame, the Spa Day** Specifications or the SOP Manual should be modified for any reason, they will negotiate in good faith with respect to such modifications. Under no circumstances will GMR modify the ~~Capacity Grid, the Timeline, the Trip~~ **capacity, time-frame, Spa Day** Specifications or the SOP Manual without the advance written approval of Philip Morris.

f. EAP

Philip Morris and third parties designated by Philip Morris will use the ~~Trip~~ **Spa Day** Specifications and the SOP Manual in preparing

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an Emergency Action Plan (the "EAP") and a medical plan for the Promotion.

g. Timing

Time is of the essence with respect to the performance of GMR's obligations under each Project Agreement. GMR will perform the Services, or ensure that the Services are performed by a Subcontractor, in accordance with the terms of the Agreement, including the ~~Timeline~~ **Promotion Schedule**. If GMR or a Subcontractor fails in any material respect to perform the Services on or before the dates specified in the ~~Timeline~~ **Promotion Schedule** for reasons not attributable to Philip Morris or an agent of Philip Morris other than GMR or a Subcontractor, such failure will constitute a material breach of GMR's obligations hereunder.

h. Required Approvals

GMR or a Subcontractor will research and obtain all required licenses, approvals and permits and comply with all applicable regulatory requirements in connection with the provision of the Venue Services, including: [(i) those relating to ~~liquor,~~ labor, smoking, health and sanitation laws and sales and income taxes; **and** (ii) those relating ~~to Excursions~~ to the locations approved by Philip Morris~~; and (iii) those relating to travel assistance facilities, smoking lounges and customer service vehicles at airports.~~]

2. *Operating Budget*

If and when requested by Philip Morris, GMR will prepare, revise and update, from time to time, and as reasonably requested by Philip Morris, a detailed operating budget for the ~~Trips~~ **Spa Days**, including all expenses related to the ~~Venue~~ **Spa** Activities (the "Operating Budget"). If and when requested by Philip Morris, the Operating Budget: (i) will reflect the anticipated costs and staffing levels required to provide the Venue Services[, to acquire, store and manage the Accommodation Enhancements and ~~the Promotional Gear and~~ to store and manage the Philip Morris Disposables] in accordance with the requirements of the Agreement; and (ii) will provide for the following items, including a detailed description of all Services **related to on-Venue expenses, including Spa Activities and improvements at the Venues.** ~~to be provided, among others:~~
~~Services related to on-Venue expenses, including Venue Activities and~~

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~~improvements at the Venues; and~~
~~[other?]~~
~~[~~

3. *Purchasing*

If and when requested by Philip Morris, GMR will select, subject to the approval of Philip Morris, purchase and inspect the Accommodation Enhancements [and the Promotional ~~Gear~~ **Materials]** [in accordance with the Philip Morris Purchasing Policy ~~**and the terms of the applicable Project Agreement**~~]. GMR will ensure all Subcontractors, whose fees are reimbursed by Philip Morris pursuant to the applicable Project Agreement, comply with the Philip Morris Purchasing Policy in connection with the Venue Services.~~]~~

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~~[~~4. *Food and Beverage Service*

a. GMR or a Subcontractor will develop menus and food service procedures for Participants in accordance with the schedule for Participant ~~meals~~ **food service** designated or approved in advance by Philip Morris.

b. GMR or a Subcontractor will provide all necessary food **and non-alcoholic beverage** service in connection with the ~~meals~~ **Spa Days**, as well as respond to all special dietary requests (for which GMR has received reasonable prior written notice) and make all guest dining and scheduling arrangements.

~~GMR or a Subcontractor will provide all beverage service in connection with liquor service and related security matters, recommending times and quantities of beverage service, and developing a wine list.]~~

~~[~~5. *Maintenance, Housekeeping and Sanitation*

a. **GMR or a Subcontractor will develop menus and food service procedures for Participants in accordance with the schedule for Participant food service designated or approved in advance by Philip Morris.**

b. GMR will ensure that the Venues are properly maintained and that the housekeeping and sanitation standards at the Venues meet or exceed the applicable standards of any federal, state or local health department that has jurisdiction over the Venues.

~~GMR will ensure that the Accommodation Enhancements and Venues are cleaned and cared for in a manner consistent with the Hospitality Standard.]~~

~~[~~6. *Payroll and Accounting*

GMR will prepare and process the payroll for any GMR Personnel and will withhold and pay all applicable federal and state employment taxes and payroll insurance with respect to the GMR Personnel, including but not limited to any income, social security and unemployment taxes and workers' compensation costs.~~]~~

~~[~~7. *Philip Morris Disposables*

GMR will ensure that the Philip Morris Disposables are stored in manner satisfactory to Philip Morris and are distributed at the Venues in strict compliance with instructions from Philip Morris. Philip Morris will retain sole

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title to the Philip Morris Disposables until distribution.]

D. Personnel

1. *General*

GMR will recruit, hire, compensate, train, supervise and direct management and non-management GMR Personnel providing the Venue Services. GMR will at all times provide a sufficient number of qualified GMR Personnel to provide or supervise the Venue Services as appropriate. GMR will oversee each Subcontractor's training, supervision and direction of the Subcontractor Personnel to ensure compliance with the Hospitality Standard.

2. *Staff Increase or Reduction*

GMR will increase or reduce the levels of staffing of GMR Personnel as necessary to meet the Hospitality Standard. Subject to the provisions of Section I.C, all GMR Personnel employed in connection with the Venue Services will at all times and for all purposes be solely in the employment of GMR and dedicated to the Venue Services.

3. *Training in ~~Trip~~ **Spa Day** Specifications, the SOP Manual and EAP*

GMR will prepare staffing tables, employment timetables, hiring guidelines for employees and other programs relating to the GMR Personnel. GMR will develop, revise and update from time to time, subject to the advance written approval of Philip Morris, a comprehensive training manual consistent with the ~~Trip~~ **Spa Day** Specifications and the SOP Manual for the GMR Personnel, general personnel rules and policies and a description of specific job categories and duties. GMR will ensure that all Personnel comply with the EAP, the ~~Trip~~ **Spa Day** Specifications and the SOP Manual.

E. Safety, Health and Sanitation

1. *Safety*

GMR will perform and will ensure that the Subcontractors perform the Venue Services in a safe manner at all times, taking all necessary precautions to avoid damage or injury to Participants, the public, GMR and Philip Morris employees and Philip Morris' property. GMR will participate in training appropriate for the anticipated scope of responsibility for each employee or as requested by Philip Morris. In conjunction with GMR's obligations under the Agreement, GMR will comply, and will ensure that the Subcontractors comply, with all laws, ordinances, codes, rules and regulations, and with any additional safety requirements of Philip Morris of which GMR is advised in writing. In

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addition, Philip Morris will develop and implement an EAP, which will set forth the procedures to be followed in the event of an emergency occurring at the Venues. GMR will cooperate with Philip Morris, assist as requested with the preparation of the EAP and undertake to implement such EAP to the extent applicable to GMR. Philip Morris will deliver a copy of the EAP to GMR as soon as reasonably practicable.

2. *Cooperation*

GMR and Philip Morris will cooperate fully with one another, third parties designated by Philip Morris and all respective insurance carriers and loss prevention engineers on safety, accident prevention and claims handling procedures.

3. *Accident Reporting*

GMR will maintain in writing, and report to security personnel designated by Philip Morris, any accidents whatsoever arising out of or in connection with the Venue Services if they cause death, personal injury or property damage in accordance with the requirements of the EAP.

4. *Health and Sanitation*

GMR will (i) ensure that a comprehensive health and sanitation program is developed and implemented that satisfies all laws, ordinances, codes, rules and regulations applicable to the preparation, storage and service of food and provision of Hospitality Services (the "Sanitation Program"), (ii) ensure that all Personnel, Subcontractors and agents performing Venues Services at the Venues comply with all aspects of the Sanitation Program and the EAP and (iii) designate a responsible member of its organization with responsibility and authority to enforce the Sanitation Program and who will also be charged with ensuring that all Personnel and Subcontractors understand and comply with the Safety Program and the EAP.

5. *Services Consultant*

Throughout the ~~Trips~~ **Spa Days**, if and when requested by Philip Morris, GMR will permit a services consultant to be designated by Philip Morris (the "Services Consultant") and any other Philip Morris representative access to documents, information and Personnel retained in connection with the Venue Services in order to permit the Services Consultant or such representative to monitor the performance of the Venue Services. In the event the Philip Morris representative or Services Consultant (with the concurrence of the Philip Morris

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representative) reasonably determines at any time, that the Venue Services are being performed in a manner inconsistent with the description of the Venue Services contained in Section I.B or the Hospitality Standard, GMR will promptly take such steps as are necessary to correct the performance of the Venue Services. GMR acknowledges that neither the failure on the part of the Services Consultant to review or monitor GMR's performance of any Venue Services, nor the results of any such review or monitoring, will in any way excuse any failure on the part of GMR to perform services pursuant to the Agreement in accordance with the terms of the Agreement or the Hospitality Standard. In the event the Philip Morris representative or Services Consultant (with the concurrence of the Philip Morris representative) reasonably determines at any time that the Venue Services description is inadequate to provide complete and timely Venue Services in accordance with the Hospitality Standard, GMR and Philip Morris will mutually revise the description of Venue Services.

F. Reporting

Within two days of the conclusion of each ~~Trip~~ **Spa Day**, GMR will deliver to Philip Morris a written report for the ~~Trip~~ **Spa Day** in a format to be agreed upon between the parties, prepared by GMR management personnel, outlining events for the ~~Trip~~ **Spa Day**, Participant comments, employee and staffing issues, safety and security activities, repair and maintenance issues, suggestions for improving Participant satisfaction or operations and other information reasonably requested by Philip Morris. If and when requested by Philip Morris, at the conclusion of the Promotion GMR will deliver to Philip Morris a summary report containing the information gathered with respect to the Promotion.

II. OPERATIONS

A. Point of Contact

The Philip Morris Central Point of Contact (the ("CPOC") for the Promotion shall be designated in the applicable Project Agreement. The CPOC will obtain authorizations, information and approvals reasonably requested by GMR from Philip Morris during the performance of the Services. Where additional authorizations or approvals are required pursuant to any Project Agreement, GMR will not perform any Services without written approval by the CPOC, which approval will not be unreasonably withheld or delayed. Philip Morris may change the designated CPOC by prior written notice to GMR. Each of the key personnel (as hereinafter defined) will be GMR's Central Points of Contact.

B. Personnel

1. *Key Personnel*

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(a) The following individuals are "key personnel" for purposes of the Agreement:

(i) **one GMR corporate manager who will oversee the overall Promotion;**

(ii) **one regional salon supervisor, one in-market manager and one on-site salon manager, each of whom will have received training prior to the Promotion. The in-market manager and the on-site salon manager will be on location at each Site to supervise on-site activities; and**

(iii) **a maximum of __ persons per Venue at least 21 years of age to conduct promotional activities and cigarette sales, distribute incentive items, and conduct exit surveys as directed or approved by Philip Morris.**

(b) **[In connection with the incentive distribution program, GMR will conduct an orientation meeting for the personnel and explain all details and requirements of the incentive distribution program prior to the program. GMR will prepare and submit for Philip Morris' approval a training manual which will include all Program details and the instructions for incentive distribution in accordance with Philip Morris policy. Personnel must sign the certificate included with the manual prior to participating in the incentive distribution program. Philip Morris will, when practical, be given two weeks' advance notice of the time and location of the orientation meeting and Philip Morris representatives may attend or participate in the orientation meeting.][Will there be incentive distribution?]**

(c) GMR will not permit such key personnel to be reassigned or replaced without Philip Morris' prior written consent, which consent will not be unreasonably withheld. GMR may dismiss such key personnel without the prior written consent of Philip Morris, provided that GMR will promptly notify Philip Morris of such dismissal and immediately replace the dismissed individual with an individual acceptable to Philip Morris. Each Project Agreement may designate additional "key personnel."

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2. *Personnel Conduct*

GMR will at all times maintain good order among the Personnel and will not assign any person to perform the Services who is not skilled in the task assigned. GMR will assume complete responsibility for the acts and omissions of Personnel and the Subcontractors, suppliers and other persons performing any Services on behalf of GMR, other than Subcontractors, suppliers and other persons specifically required in writing by Philip Morris to be retained by GMR. Philip Morris reserves the right to require immediate corrective action if Philip Morris reasonably believes that any such person is not qualified for, or properly performing in, the position in which such person is employed. This right in no way relieves GMR of the obligation to select, assign, supervise and assume complete responsibility for competent and qualified Personnel. If corrective action results in the removal of personnel, GMR will replace any such removed personnel with qualified personnel on or before the commencement of the next ~~Trip.~~
Spa Day.

3. *Other Services*

[In connection with the Promotion, GMR will provide the following additional services:

(i) **renting local warehouses or other facilities for the storage, shipment and transportation of the Materials and other Promotion-related equipment;**

(ii) **purchasing Virginia Slims cigarettes for resale at a discounted price at promotional events. GMR or a third party approved in advance by Philip Morris will secure all necessary state and local tobacco sales licenses and permits. Philip Morris will provide local distributor information to assist in tobacco purchases by GMR;**

(iii) **immediately notifying Philip Morris, in writing, of the existence of local law restrictions applicable to any aspect of the Promotion;**

(iv) **developing [, no later than May 31, 1999,] and executing a written Promotion plan for each Spa Day. Each Promotion plan will include the banner and signage requirements of the Venue;**

(v) **working with Philip Morris and third parties approved by Philip Morris to develop plans for alternative media for certain**

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Spa Days. Such media plans will be subject to the prior approval of Philip Morris;

(vi) delivering, no later than the Wednesday following each Spa Day, to Philip Morris, a report stating the number of persons in attendance at such Spa Day;

(vii) meeting with Philip Morris as requested, at Philip Morris headquarters in New York or at other locations designated by Philip Morris, to assist Philip Morris in analyzing the effectiveness of the Spa Days;

(viii) cooperating with third parties designated by Philip Morris;

(ix) making available to Philip Morris the personal services of _____ in connection with GMR's performance of services pursuant to the Agreement;

(x) producing the Spa Days in accordance with the highest standards prevailing for similar first-class events in the United States;

(xi) providing Philip Morris with a weekly status report during the program and a program wrap-up report at the conclusion of the Promotion.

C. Year 2000 Representations

All of GMR's computer systems now or hereafter used to provide the services and to discharge its other obligations under the Agreement will (1) properly execute with all date data, whether from years in the same century or in different centuries and (2) not abnormally cease to execute or return an error message due to date related processing. GMR further represents and warrants that it will provide all Services notwithstanding the century date change to the year 2000 or any associated failures of computer systems used by GMR.

III. COMPENSATION MATTERS

As full and complete compensation for the performance of the Services during the term of the Agreement, Philip Morris will pay GMR in accordance with the following:

[Please supply payment information]

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IV. TERM AND TERMINATION

A. Term

The term of the Agreement will commence as of ~~_____~~ **March 1**, 1999, and will continue until the later of ~~_____, 2000~~ **December 31, 1999**, or completion of all Services under the Agreement (the "Term"). Philip Morris may renew the Agreement for ~~an~~ **one** additional one-year term upon written notice delivered to GMR on or before _____, 1999. If Philip Morris elects to renew the Agreement, all terms and conditions of the Agreement will apply to the renewal, except for appropriate date changes. The parties will negotiate such provisions in good faith and memorialize their agreement in a separate writing.

B. Termination by Philip Morris

Philip Morris may terminate the Agreement, with or without cause, upon thirty days' advance written notice to GMR. If Philip Morris terminates the Agreement without cause, Philip Morris will have no liability to GMR after the date of notice of termination, with the exception of fees earned for services satisfactorily performed and expenses properly incurred prior to the date of termination stated in Philip Morris' notice of termination.

C. Special Termination

If any federal, state, municipal or local law, regulation, ordinance, order, ruling, judgment, consent decree or other governmental action becomes effective that makes the promotion of tobacco products as contemplated by the Agreement unlawful or impracticable or, in the opinion of Philip Morris, materially reduces the value of the Agreement to Philip Morris, the Agreement or any Project Agreement may be terminated by Philip Morris upon written notice delivered at least thirty days prior to the date that the law, regulation, ordinance, order, ruling, judgment, consent decree or action becomes effective. If Philip Morris terminates the Agreement or any Project Agreement pursuant to this subparagraph C., Philip Morris will pay GMR ~~for~~ fees earned for services satisfactorily performed and expenses properly incurred, prior to the date that such law, regulation, ordinance, order, ruling, judgment, consent decree or action becomes effective.

D. Effect of Termination on Subcontractors

If Philip Morris terminates the Agreement or any Project Agreement pursuant to subparagraphs B. or C., Philip Morris and GMR will negotiate in good faith with respect to the payment of any additional amounts owed by GMR to any Subcontractor a result of such termination.

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V. RECORDS

GMR, its employees, agents and subcontractors will maintain detailed and accurate books and records of account with respect to the Services and any other activities undertaken on behalf of Philip Morris pursuant to the Agreement including Subcontractor selection records. GMR will provide periodic reports as and when reasonably requested by Philip Morris. [Original receipts and certified bank copies of the front and back of canceled checks paid to Subcontractors, if and when requested by Philip Morris and at the expense of GMR, will be required. Philip Morris or its designated agent may inspect, review and copy such books and records at reasonable times during normal business hours upon reasonable, advance notice to GMR and at the expense of Philip Morris.

As used in the Agreement, books and records include Employees Withholding Allowance Certificate (W-4), Employment Eligibility Verification Form (I-9) and supporting documents, detailed original receipts supporting expense billings and time sheets, together with payroll journals if and when requested by Philip Morris and at the expense of GMR. During any audit or record review by Philip Morris, Philip Morris will have the right to audit the payroll and other financial records relating to GMR's staff performing the Services.]

VI. HOSPITALITY STANDARD

GMR's performance will be in accordance with the highest industry standards prevailing for firms rendering similar services (the "Hospitality Standard") in the United States. The Hospitality Standard includes, but is not limited to the criteria set forth on Exhibit C. The parties' intent is to provide the best possible atmosphere and a safe environment for the conduct of the Trips and GMR will use its best efforts to accomplish this. Philip Morris may make recommendations to GMR with this goal in mind and GMR will effect the recommendations whenever reasonably possible.

VII. COVENANTS OF GMR [Are these necessary for GMR?]

A. Corporate Existence; Capitalization

GMR will at all times during the Term maintain its corporate existence[, assure adequate capitalization and maintain minimum daily balances in accordance with the schedule set forth on Exhibit D to be held in one or more GMR account(s) in a _____ branch of a major money center bank; provided that such daily balances shall not include amounts paid to GMR by Philip Morris for reimbursed or advanced expenses pursuant to any Project Agreement. In addition, no later than 45 days after the execution of the Agreement, GMR will arrange for, and maintain throughout the Term, credit support of no less than $2,000,000 in the aggregate in the same _____ bank, such support to be dedicated solely to the performance of GMR's obligations under the Agreement. Philip Morris will have the right to review all activities in any GMR operating account. GMR

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will provide to Philip Morris copies of all bank statements with respect to such accounts within 5 days of receipt.]

[B. Payment of Debts

GMR will pay generally its debts as they come due, permitting no account payable to age more than 45 days, unless in dispute.

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C. Equity Distributions

GMR will make no distributions of any kind to the holders of any equity interests in GMR without the advance written approval of Philip Morris.

D. Books of Record and Account

GMR shall maintain proper books of record and account, in which full and correct entries shall be made in accordance with generally accepted accounting principles, with respect to all of its business and affairs. GMR will maintain separate records with respect to each Promotion. Within three weeks after the end of each fiscal quarter, GMR shall furnish to Philip Morris copies of the balance sheet of GMR as of the end of such fiscal quarter and statements of income, retained earnings and changes in financial position of GMR for such fiscal quarter, all in reasonable detail acceptable to Philip Morris and certified by Dan Korman.

VIII. OWNERSHIP

All materials prepared or developed by GMR in connection with the Agreement will become the property of Philip Morris and GMR hereby agrees to assign to Philip Morris any and all rights to copyright the material. GMR will not engage, or permit the creation of any copyrightable material for Philip Morris by any person who is not a regular full time employee whose work is performed on GMR's business premises and under GMR's direction and supervision, unless that person agrees in writing to execute an assignment to Philip Morris of any and all copyrights in all material created in a form acceptable to Philip Morris. Upon the acceptance by Philip Morris of any copyrightable material prepared by GMR, GMR at the request of Philip Morris, will cause any person who owns any copyright interest in any of the materials to assign all of its right, title and interest to Philip Morris and will assign all of GMR's right, title and interest in the material to Philip Morris and in each case will deliver an assignment in a form acceptable to Philip Morris. GMR will obtain all releases necessary to the proper performance of the Agreement.

IX. CONFIDENTIALITY

GMR, its employees and agents will hold strictly confidential the terms of the Agreement and all information and materials provided by Philip Morris to GMR without the advance approval of Philip Morris. The information and material provided by Philip Morris or obtained by GMR in connection with its performance of the Agreement, including all Participant names, addresses, biographical and other information contained in documents or on magnetic tapes delivered by Philip Morris or third parties designated by Philip Morris, will remain the exclusive property of Philip Morris. GMR will not use such information and materials for any purpose other than to fulfill its obligations under the Agreement and will cause the information and materials to be retained in complete confidence and prevent the improper use or disclosure thereof by GMR's employees, agents, and subcontractors. Upon termination or expiration of the Agreement, or if and when requested by Philip Morris, GMR will return all materials to Philip

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Morris at Philip Morris' request. GMR's obligation to maintain confidentiality will survive the termination or expiration of the Agreement.

X. PHILIP MORRIS NAMES

GMR recognizes and acknowledges that the **Virginia Slims** name, **the name** and the names of any and all other Philip Morris brands and the designs, emblems and insignia of the respective brands, and the goodwill associated therewith, have great value and are the sole property of Philip Morris. GMR agrees that it has and will claim no right, title or interest in the same or the use thereof other than the limited right to use pursuant to the terms and conditions of the Agreement. GMR will make no use of any kind of the name, design, emblem or insignia of any Philip Morris brand without the advance written consent of Philip Morris.

XI. INDEMNITY

GMR agrees to indemnify and hold harmless Philip Morris, its affiliates and their respective officers, employees, directors and agents from all claims, liabilities, costs and expenses, including reasonable attorneys' fees, that arise from, or may be attributable to errors, omissions or fault of GMR or the Subcontractors and that are not caused by Philip Morris.

XII. INSURANCE

A. Certificates of Insurance - GMR

Within ten days after execution of the Agreement, GMR will provide to Philip Morris certificates of insurance issued by insurers acceptable to Philip Morris evidencing coverage exclusively with respect to the applicable Promotion for: (i) comprehensive general liability including contractual, participants and spectators (where needed) and host liquor liability with combined single limits of no less than $5,000,000 per occurrence for bodily injury, including personal injury, and property damage, (ii) comprehensive automobile liability coverage for all owned, non-owned, and hired vehicles with bodily injury limits of no less than $5,000,000 per person, $5,000,000 per accident, and property damage limits of no less than $5,000,000 per accident, (iii) statutory workers' compensation coverage meeting all state and local requirements and employers' liability with limits of no less than $500,000.

B. Certificates of Insurance - Subcontractors

Within ten days of execution of the Agreement, GMR will provide to Philip Morris certificates of insurance issued by insurers for each Subcontractor acceptable to Philip Morris evidencing coverage exclusively with respect to the applicable Promotion for: (i) comprehensive general liability including contractual, participants and spectators (where needed) and host liquor liability with combined single limits of no less than $5,000,000 per

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occurrence for bodily injury, including personal injury, and property damage, (ii) comprehensive automobile liability coverage for all owned, non-owned, and hired vehicles with bodily injury limits of no less than $5,000,000 per person, $5,000,000 per accident, and property damage limits of no less than $5,000,000 per accident, (iii) statutory workers' compensation coverage meeting all state and local requirements and employers' liability with limits of no less than $500,000. Limits required by (i) and (ii) above for Subcontractors may be amended with the advance written approval of Philip Morris.

C. Named Insured

The insurance certificates required by subparagraphs (i) and (ii) in each of subparagraphs A. and B. of this Section XII must name Philip Morris, its affiliates, employees and assigns as additional insureds and must state that Philip Morris will be provided at least 30 days advance, written notice of a cancellation. Insurance maintained by Philip Morris is for the exclusive benefit of Philip Morris and will not inure to the benefit of GMR.

XIII. INDEPENDENT CONTRACTOR

GMR is an independent contractor and the Agreement will not be construed to create an association, partnership, joint venture or relation of employer and employee between Philip Morris and GMR or its agents or subcontractors within the meaning of any federal, state or local law. Neither Philip Morris nor GMR will enter into any agreement, oral or written, on behalf of the other party or otherwise obligate the other party, except as provided in the Agreement, without the other party's prior written consent which consent will not unreasonably be withheld.

XIV. THIRD PARTY CONTACTS

If at any time GMR is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, concerning GMR's activities on behalf of Philip Morris, GMR will make no comment, immediately notify Philip Morris of the third party contact, and if and when requested by Philip Morris, refer the third party to Philip Morris, Senior Vice President, Corporate Affairs.

XV. EXCLUSIVITY

During the term of the Agreement, and for twenty-four months thereafter, GMR will not, without the prior, written consent of Philip Morris, engage in similar activities for any company or entity whose business competes with any tobacco product of Philip Morris.

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XVI. MISCELLANEOUS

A. Force Majeure

Force Majeure, acts of God, or other causes beyond the control of any party delaying or causing the cancellation or delay of any Trip will not subject GMR or Philip Morris to any liability hereunder, except if, and to the extent, otherwise specifically provided herein.

B. Governing Law

The Agreement and all matters collateral hereto, will be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within the State of New York.

C. Compliance with Laws

GMR must comply with all applicable laws and regulations relating to its performance of the Agreement. GMR acknowledges that it is cognizant of the provisions of Title 15, Section 1331, et seq. of the United States Code and the provisions of the Master Settlement Agreement, executed on November 23, 1998, by and between certain tobacco product manufacturers, including Philip Morris, and the Settling States (as defined in the Master Settlement Agreement).

D. Complete Agreement

The Agreement is the complete agreement between the parties and supersedes any prior oral or written agreement concerning the subject matter.

E. Binding Effect

If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect.

F. Amendment or Assignment

The Agreement may not be amended or assigned except in a writing signed by both parties. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities and obligations under the Agreement. The Agreement is binding upon successors and assignees of the parties. A waiver by either party of any of the terms and conditions of the Agreement in one or more instances will not constitute a permanent waiver of the terms and conditions.

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G. Notices

Notices provided will be in writing and sent by certified mail, return receipt requested. Notices to GMR will be sent to GMR, 2725 S. Moorland Road, New Berlin, Wisconsin 53151, Attention: _____. Notices to Philip Morris will be sent to Philip Morris Incorporated, 120 Park Avenue, New York, New York 10017, Attention: ~~Josh Fontanez~~ **Director of Event Marketing**.

IN WITNESS WHEREOF, the parties acknowledge their agreement to the foregoing by due execution of the Agreement by their respective authorized representatives.

GARY M. REYNOLDS, INC.	**PHILIP MORRIS INCORPORATED**
By:_____	By:_____
Title:_____	Title:_____
Taxpayer ID No.:_____	
Filing Status:_____	

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EXHIBIT__

PURCHASING PROCEDURES

[Are these applicable to the Promotion?]

Vendor Selection Guidelines

All purchases must be competitively bid and fall into one of two categories, depending on their characteristics.

1. Purchases that involve total commitments of between $25,000 and $100,000 or involve consultant services. No purchase order will be issued without written competitive bids from at least three vendors. Each bid considered must be comparable with respect to size, scope and specifics of the anticipated contract.

2. Purchases that involve total commitments in excess of $100,000. In such circumstances sealed competitive bids will be used from at least three vendors. Each bid considered must be comparable with respect to size, scope and specifications of the anticipated contract.

The request for quotation or bid form forwarded to vendors to be solicited should be identical and should include a complete description of the items to be purchased and all pertinent data. Representative samples must be requested from the vendors to insure quality, material and design.

The determination of the successful bidder should be made promptly. If considerations other than price are the determining factor in selecting the successful bidder, such considerations must be documented in writing.

Purchase Order Guidelines

1. All purchases covered by the vendor selection guidelines must be documented with a purchase order form approved by Philip Morris and are subject to advance written approval by Philip Morris.

2. For all other expenditures with third party vendors:

   - Purchase order required when total annual expenditure with vendor exceeds $5,000, including scope changes.

   - Purchase order and Philip Morris' advance written approval required when total annual expenditures exceed $10,000, including scope changes.

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EXHIBIT _

HOSPITALITY STANDARD CRITERIA

1. Superior janitorial and cleanliness services consistent with past practices;

2. Appropriate housekeeping;

3. Appropriate, uncluttered, unobtrusive luggage handling;

4. Staff: well-groomed, uniformed (if supplied by GMR), courteous, helpful, knowledgeable, committed to anticipating guests' needs, service oriented;

5. Professional management, generating staff commitment to guest satisfaction;

6. Facilities well maintained and routine maintenance program in place;

7. Consistency of service;

8. Excellent restaurant facilities serving consistently outstanding meals;

9. Clean well kept accommodations with fresh linen, pillows, blankets, towels, amenities and pleasant decor;

10. Twice daily maid service, turndown service, placement of management gift and communications; and

11. Activities conducted in a safe, enjoyable manner by a professional, supervised staff.

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EXHIBIT __

[DAILY MINIMUM BALANCE SCHEDULE]

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-FOOTER 8-

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